

NMB and RLA Fact Sheet

January 24, 2007

Prepared by the National Mediation Board, based on complete FY-2006 data

This Fact Sheet provides background information regarding the Railway Labor Act and the role of the National Mediation Board in collective-bargaining negotiations in the airline and railroad industries.

Agency Mission

The National Mediation Board (NMB), was established by the 1934 amendments to the Railway Labor Act (RLA) of 1926. The Board is an independent agency performing a central role in facilitating harmonious labor-management relations within two of the nation's key transportation sectors – the railroads and airlines. Pursuant to the RLA, NMB programs provide an integrated dispute resolution process that effectively meets the NMB's statutory mandate to minimize work stoppages in the railroad and airline industries.

The Railway Labor Act (RLA)

The Railway Labor Act provides a comprehensive statutory framework for the resolution of labor-management disputes in the airline and railroad industries. Enacted in 1926 as a collaborative effort of labor and management, the RLA succeeded several previous federal statutes dating back to 1888. The 1926 Act provided for mandatory mediation, voluntary arbitration in contract negotiations, and potential Section 10 Presidential Emergency Boards to enhance dispute resolution. Key amendments to the Act in 1934 established the current three-member structure of the National Mediation Board and authorized the resolution of employee representation disputes by the NMB. In 1936, the RLA's jurisdiction was expanded to include the airline industry. The Act's most recent substantive amendment in 1981 permitted the creation of specialized Section 9a Presidential Emergency Boards for collective bargaining disputes at certain commuter railroads.

- The Railway Labor Act is unique in that it was drafted by labor and management, then passed by the Congress without amendment.
- Beginning in 1994, the Commission on the Future of Worker-Management Relations (the "Dunlop Commission") and its subcommittees examined each of the nation's labor laws and the labor enforcement agencies. The Airline Industry Labor-Management Committee, an offshoot of the Dunlop Commission, was convened in October, 1995. In April, 1996, this body, made up of representatives from airline management and labor, offered as its first recommendation, "No Legislative Changes to the Railway Labor Act." The Committee recommended several administrative changes, all of which were subsequently adopted by the NMB.

Negotiation/Mediation Process

- The negotiation process (see attached Chart) begins with the parties engaging in direct negotiations, without the presence of the Board and its mediators. The parties control the timing of direct negotiations, with some beginning well before the amendable date of their current contracts, and some beginning very near the amendable date. The Board has no control over the parties in direct negotiations. Although some parties reach final resolution in direct negotiations, the majority of parties file for mediation with the Board for help to resolve their many open issues.
- Once in mediation, just how long it will take to help the parties complete negotiations and produce a tentative contract agreement is greatly influenced by how many unresolved issues there are. The NMB has no authority to force agreement upon the parties or to dictate the terms of settlement. Strikes, lock-outs, and other forms of self help in these industries, however, may occur only after the procedures set forth by the Railway Labor Act (RLA) have been exhausted, including a determination by the NMB that further mediation would not facilitate agreement between the parties.
- The responsibility of the NMB to work with parties in both industries to avoid disruptions to essential transportation services puts the Board in a unique position to recognize and understand the impact of potential work stoppages in both industries, for all sections of the country.
- If an agreement is not reached in direct negotiations, the dispute is required by law to be submitted to the Board for mediation as part of the contract negotiation process before either party can exercise self help, unless conferences between the parties are terminated for more than 10 days without either party having requested mediation. Application for mediation with the NMB may be made by either party or the Board may invoke public-interest mediation, at which time a mediator is assigned and the Board's active involvement begins.
- If the parties do not reach agreement, even with Board mediation, they are offered arbitration, which either party may refuse. The refusal of either party triggers a 30-day "cooling off" period, at the end of which either party may engage in self help.

Presidential Emergency Boards (PEBs)

- If the Board determines that a work stoppage would cause significant disruption to essential transportation services for any section of the country, the NMB must notify the President, who may choose to appoint a Presidential Emergency Board (PEB). PEB's have 30 days in which to recommend a settlement to the President. Either party may reject the PEB's recommendations, leading to a final cooling off period, further delaying self-help for another 30 days. Even during cooling off periods and PEB's, the Board may continue "public interest" meetings with the parties, often resulting in an agreement. Nothing in this process prevents the parties from reaching agreement on their own accord at any time.
- During the five (5) years ending in FY-2006, there was only one airline Presidential Emergency Board created. That was in FY 2002, when a PEB was created regarding United Airlines and the International Association of Machinists (IAM). The parties reached agreement without a strike or lock-out in that case.
- Historically, there have been only three (3) RLA-based, airline Presidential Emergency Boards after 1966: #236 in 2002 (United/IAM), #235 in 2001 (Northwest/AMFA), and #233 in 1997 (American/APA). The Wein Air Alaska PEB (#189 in 1979) was not RLA-based; it was created by special Congressional legislation pursuant to Section 44 of the Airline Deregulation Act of 1978 (Public Law 95-504). In PEB #235, a settlement was reached by the parties before the scheduled report date.

Grievances and Representation

Mediation of contract negotiations is only one major responsibility of the NMB. Others include Grievance Mediation, Grievance Arbitration and Representation as described below.

Grievance Mediation

In addition to mediation of contract negotiations as discussed above, the NMB also offers voluntary grievance mediation to assist the parties in resolving grievance matters. Board staff provides both traditional and interest-based grievance mediation services. Using the traditional process, a Board Mediator serves as a "go between" looking for a solution that the parties may not have been able to explore directly with each other. Using an interest-based approach, a Board facilitator assists the parties in using a problem-solving model to find solutions to grievances. The Board encourages the parties to experiment with facilitation and problem solving processes because the skills learned lessen the need for the assistance of a third-party neutral. The NMB offers the same type of problem-solving training and facilitation for grievance mediation as it does for contract bargaining.

Grievance Arbitration

In addition to "interest" arbitration noted previously, the RLA provides for grievance

arbitration. Grievance arbitration, involving the interpretation or application of an existing collective bargaining agreement, is mandatory under the RLA. The NMB has significant administrative responsibilities for the three avenues of grievance arbitration in the railroad industry. These sources are the National Railroad Adjustment Board established under the RLA, as well as the arbitration panels established directly by the labor-management parties at each railroad (Public Law Boards and Special Boards of Adjustment). Grievance arbitration in the airline industry is accomplished at the various System Boards of Adjustment created jointly by labor and management at the parties' expense.

The NMB furnishes panels of prospective arbitrators for the parties' selection in both the airline and railroad industries. (A request to be placed on the NMB's Roster of Arbitrators may be obtained from the Board's web site at www.nmb.gov.) The NMB also has substantial financial responsibilities for railroad arbitration proceedings in that it pays the salary and travel expenses of the arbitrators. Arbitration decisions under the RLA are final and binding with very limited grounds for judicial review.

Representation

Under the RLA, employees in the airline and railroad industries have the right to select a labor organization or individual to represent them, or not, for collective bargaining without "interference, influence or coercion" by the carrier.

Under the Railway Labor Act, the NMB is responsible for effectuating employee rights of self-organization where a representation dispute exists. The NMB representation process ensures that potentially disruptive disputes over who represents employees for collective bargaining purposes are resolved peacefully. Peaceful resolution of representation disputes is crucial to the airline and railroad industries because of the central role they play in the U.S. transportation system. NMB's determination of collective bargaining representation enhances the stability of the railroad and airline industries' collective bargaining process.

The primary responsibilities of the NMB regarding representation are as follows:

- I. Initial investigation of representation applications
- II. Determining and certifying representatives of employees
- III. Ensuring that the process occurs without interference, influence or coercion.

Information Resources and Contacts

A full explanation of the NMB mission, along with a full copy of the Railway Labor Act, all of the agency's Annual Reports, and customer service performance reports, may be found on the NMB web site (www.nmb.gov)

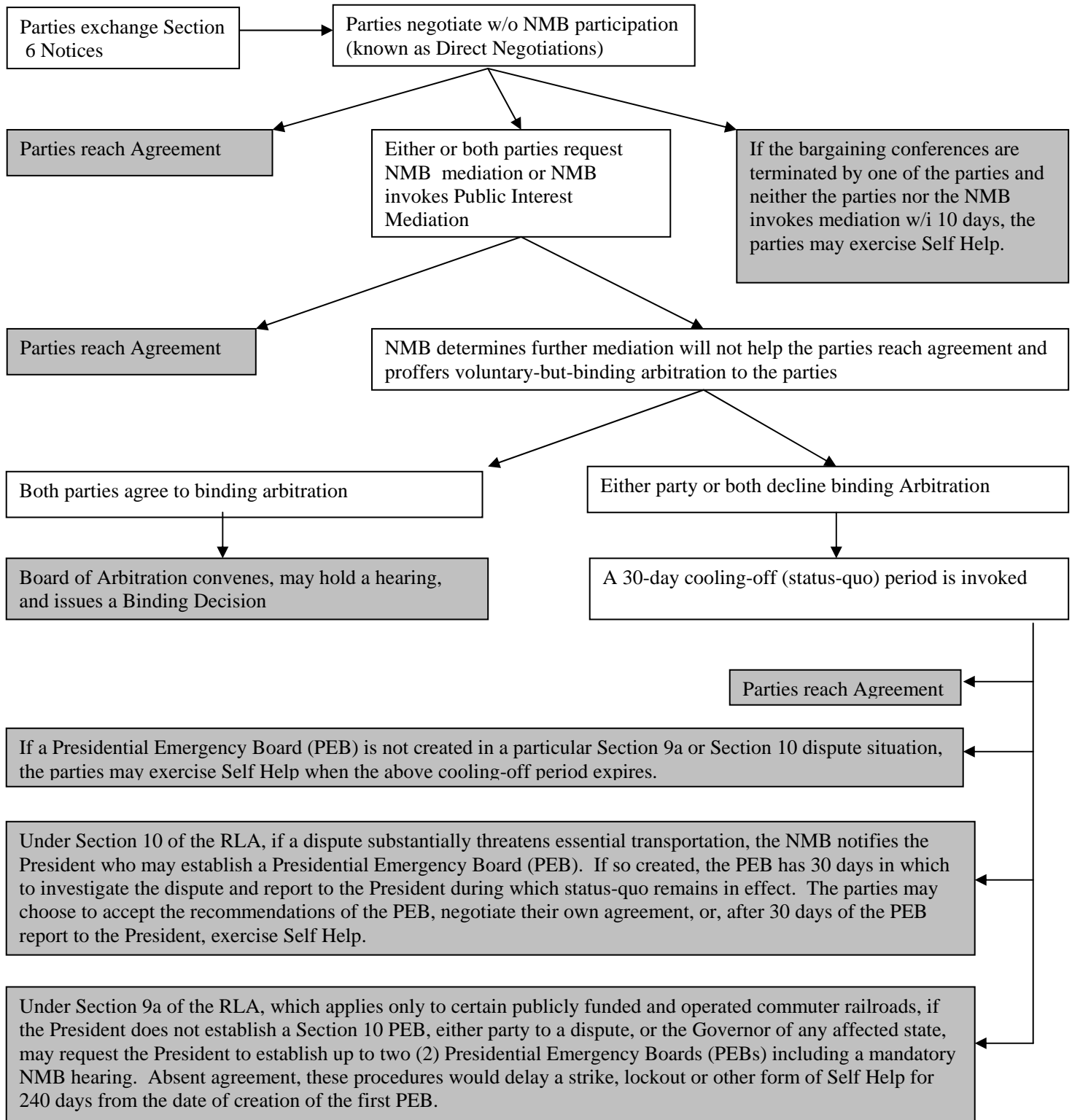
- If you have any questions, please call the Board's public information line (202-692-5050) and the staff will respond to specific inquiries.

Appendices

- Mediation Process Chart
- PEB Frequency Table
- Glossary

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Collective Bargaining Process under the Railway Labor Act (RLA)



Note: this is a synopsis of the applicable procedures; refer to the RLA itself for exact guidance.

PEB Frequency Table

as of 1-24-07

Note: Year is based on the Report date of the PEBs.

| Year | Railroad | Airline | Year Total | Cumulative Total |
|------|----------|---------|------------|------------------|
| 2007 | 1 | 0 | 1 | 240 |
| 2006 | 1 | 0 | 1 | 239 |
| 2005 | 0 | 0 | 0 | 238 |
| 2004 | 2 | 0 | 2 | 238 |
| 2003 | 0 | 0 | 0 | 236 |
| 2002 | 0 | 1 | 1 | 236 |
| 2001 | 0 | 1 | 1 | 235 |
| 2000 | 0 | 0 | 0 | 234 |
| 1999 | 0 | 0 | 0 | 234 |
| 1998 | 0 | 0 | 0 | 234 |
| 1997 | 2 | 1 | 3 | 234 |
| 1996 | 4 | 0 | 4 | 231 |
| 1995 | 2 | 0 | 2 | 227 |
| 1994 | 2 | 0 | 2 | 225 |
| 1993 | 1 | 0 | 1 | 223 |
| 1992 | 3 | 0 | 3 | 222 |
| 1991 | 1 | 0 | 1 | 219 |
| 1990 | 0 | 0 | 0 | 218 |
| 1989 | 2 | 0 | 2 | 218 |
| 1988 | 4 | 0 | 4 | 216 |
| 1987 | 0 | 0 | 0 | 212 |
| 1986 | 5 | 0 | 5 | 212 |
| 1985 | 1 | 0 | 1 | 207 |
| 1984 | 5 | 0 | 5 | 206 |
| 1983 | 3 | 0 | 3 | 201 |
| 1982 | 5 | 0 | 5 | 198 |
| 1981 | 0 | 0 | 0 | 193 |
| 1980 | 2 | 0 | 2 | 193 |
| 1979 | 2 | 1 | 3 | 191 |
| 1978 | 1 | 0 | 1 | 188 |
| 1977 | 0 | 0 | 0 | 187 |
| 1976 | 0 | 0 | 0 | 187 |
| 1975 | 2 | 0 | 2 | 187 |
| 1974 | 2 | 0 | 2 | 185 |
| 1973 | 1 | 0 | 1 | 183 |
| 1972 | 3 | 0 | 3 | 182 |
| 1971 | 1 | 0 | 1 | 179 |
| 1970 | 2 | 0 | 2 | 178 |

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|------|-----|----|-----|-----|
| 1969 | 4 | 0 | 4 | 176 |
| 1968 | 1 | 0 | 1 | 172 |
| 1967 | 3 | 0 | 3 | 171 |
| 1966 | 0 | 3 | 3 | 168 |
| 1965 | 1 | 0 | 1 | 165 |
| 1964 | 6 | 1 | 7 | 164 |
| 1963 | 3 | 1 | 4 | 157 |
| 1962 | 6 | 4 | 10 | 153 |
| 1961 | 6 | 4 | 10 | 143 |
| 1960 | 7 | 1 | 8 | 133 |
| 1959 | 0 | 1 | 1 | 125 |
| 1958 | 0 | 5 | 5 | 124 |
| 1957 | 5 | 0 | 5 | 119 |
| 1956 | 0 | 0 | 0 | 114 |
| 1955 | 6 | 1 | 7 | 114 |
| 1954 | 3 | 0 | 3 | 107 |
| 1953 | 1 | 1 | 2 | 104 |
| 1952 | 2 | 4 | 6 | 102 |
| 1951 | 2 | 1 | 3 | 96 |
| 1950 | 14 | 1 | 15 | 93 |
| 1949 | 11 | 1 | 12 | 78 |
| 1948 | 14 | 1 | 15 | 66 |
| 1947 | 7 | 0 | 7 | 51 |
| 1946 | 14 | 1 | 15 | 44 |
| 1945 | 13 | 0 | 13 | 29 |
| 1944 | 4 | 0 | 4 | 16 |
| 1943 | 0 | 0 | 0 | 12 |
| 1942 | 0 | 0 | 0 | 12 |
| 1941 | 5 | 0 | 5 | 12 |
| 1940 | 1 | 0 | 1 | 7 |
| 1939 | 0 | 0 | 0 | 6 |
| 1938 | 1 | 0 | 1 | 6 |
| 1937 | 4 | 0 | 4 | 5 |
| 1936 | 1 | 0 | 1 | 1 |
| 1935 | 0 | 0 | 0 | 0 |
| 1934 | 0 | 0 | 0 | 0 |
| | 204 | 35 | 239 | |

GLOSSARY

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| ADR | Alternative Dispute Resolution – a process for resolving disputes outside of the judicial system of law. In the venue of the NMB, ADR is the facilitation of interest-based or mutual-interest negotiations and grievance mediation. |
| Amendable Date | Under the Railway Labor Act, collective bargaining agreements do not expire as they do under the National Labor Relations Act; instead, they become subject-to-change on a certain date. |
| Arbitration | A type of grievance resolution process where a third-party arbitrator or neutral renders a decision to a dispute. |
| Mediation | A type of dispute resolution process where a third-party mediator or neutral assists the parties in reaching agreement to a dispute. |
| Tentative Contract | A negotiated agreement between the parties subject to ratification by a vote of the union members |
| Self Help | The right of a party to a collective bargaining dispute to unilaterally act in its own best interest. A carrier, for example, may lock disputing employees out of the workplace or implement changes in pay, rules and working conditions; and the union, for example, may strike or work specifically as required by its collective bargaining agreement. |
| Section 6 | Section 156 of the RLA pertaining to the changing of wages, hours, rules and working conditions |
| Section 9a | Section 159a of the RLA pertaining to Presidential Emergency Boards of certain commuter railroads |
| Section 10 | Section 160 of the RLA pertaining to Presidential Emergency Boards |
| Status Quo | Situations under the RLA in either collective bargaining or representation disputes where existing pay rates, rules and working conditions cannot be changed unilaterally, pending the resolution of the dispute in question. |